International Journal of Engineering & Technology, 7 (3.30) (2018) 369-373

International Journal of Engineering & Technology

Website: www.sciencepubco.com/index.php/IJET

Research paper

Mediating Role of Psychological Contract in the Relationship between Workplace Spirituality and Affective Commitment

Muhammad Ashfaq [1*], Dr. Muhammad Imran Qureshi [2], Sobia Irum [3], Dr. Fadillah Ismail [4], Dr. Rabeatul Husna [5]

[1]*Universiti Kuala Lumpur Malaysia (UniKL MITECH), Johor Bahru, Malaysia*
[2]*Universiti Kuala Lumpur Malaysia (UniKL MITECH), Johor Bahru, Malaysia*
[3]*Universiti Teknologi Malaysia 81310 Skudai Johor Bahru, Malaysia*
[4]*Universiti Tun Hussein Onn, Batu Pahat, Johor Malyasia*
[5]*Universiti Teknologi Malaysia 81310 Skudai, Johor Bahru, Malaysia*
**Corresponding author E-mail: ashfaq_moni@yahoo.com*

Abstract

Malaysian banking sector is facing commitment challenge of their employees especially in the current highly competitive business environment. Now banks want to retain and engage their competent employees so there is a need to create or enhance their affective commitment because this affective commitment is a key to retain and engage competent employees. Previous research explains that effective commitment provide employees emotional attachment with their organisation so there is a need to explore those factors through which organisations can develop the affective commitment of their employees. Healthy amount of research has been conducted to deal with employee attitude and commitment. As time goes on new concepts are coming up with new management ideas. One such new area of research is workplace spirituality. Previous research in this field discovered numerous benefits of workplace spirituality to the organization and employee as well as organizational and employee development, and commitment. Literature review pointed out that Malaysian banking sector is facing the problem of employee commitment. Present research is an attempt to deal this problem of employee commitment with the help of workplace spirituality along with psychological contract as a mediator. Subjects for this research were 350 bank employees working in commercial banks in Malaysia. Structural equation modelling SEM – PLS was the main statistical technique utilized in this study. All the main relationships were found to have significant effect on employees affective commitment, Overall, the results indicate that the model provide good understanding of the workplace spirituality's influence on employees commitment in banking sector of Malaysia.

Keywords: *"Workplace spirituality", "Affective Commitment", "Psychological contract".*

1. Introduction

This paper explores the implication of workplace spirituality in the banking sector of Malaysia. The paper draws on the literature of workplace spirituality in the banking employees. The banking sector of Malaysia is confronting the problem of employee's commitment. Competitive employees are the back bone to gain profitability and competitiveness in the banking field. Now for the Malaysian banks it is a complex and challenging task to engage competent employees. This paper also explores how the banking sector of Malaysia can cope up with the problem of employee's commitment. Management literature suggests that affective commitment is a key to engage employees. Organizations seek different management techniques to create or enhance employee commitment, one such newly emerged management concept is workplace spirituality (WPS).

World has witnessed a shift in economies of developed countries towards service sector. According to the research conducted by Ahmed (1), service sector contribute 73 percent in the GDP of developed countries and 53 percent of GDP in developing countries. In case of Malaysia this contribution is 56.1 percent in GDP out of which 20 percent is due to banking sector as per Bank Negara Malaysia (2015). Bank Negara Malaysia monitors all the activities (public or private) related to banking sector.

In Early 2017, Fundsupermart Malaysia stated that there is a bright future for local banking players in malysia. The banking sector of Malaysia has gone through profound and rapid changes in the last few years. Due to this reason, new management practices needs to be studied and employed for better employee commitment, performance, retention, engagement as well as competitiveness. Past researchers found that in the past ten years many multinational and private banks entered into the Malaysia banking sector, which created a lot of opportunities in this sector. They attracted experienced employees from the existing banks on higher packages; this situation raised the problem of employee commitment in the existing banks.

According to Digital Economy (2017), among the top 4 challenges facing banks and financial institutions the banks have failed to fulfil consumer expectations. These days it's all about the customer experience, and many banks are feeling pressure because they are not delivering the level of service that consumers are demanding, especially in regards to technology.

Business environment is getting complex and volatile; ever increasing competition and technological changes demands the organization to efficiently use its resources in order to achieve competitive edge. One such reliable source to competitiveness is the skilled workforce. For businesses, employees who are committed

Copyright © 2018 Authors. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

as well as loyal are the main source of success. Commitment of the employee's results from various factors and past researches showed that one such factor is WPS. In order to survive in such a competitive market banks have to focus on providing enhanced quality services at lower prices, whereby provision of quality services depends on skilled and well trained employees. However retention of such employees is the major issue of the banking sector in Malaysia. Research work on WPS showed its positive linkage with AC which in turn leads to employee retention.

2. Literature Review

Workplace Spirituality: Research scholars are not unanimous for single definition of spirituality. It has been defined through different concepts, such as value and belief system, as a developmental line, as a way to get in touch with inner self and as inner experience (Garg,2017). WPS approach in management asks for engaging workers holistically, that is, physically, mentally, emotionally, intellectually and spiritually (2). WPS is the "recognition that employees have an inner life which nourishes and is nourished by meaningful work taking place in the context of a community" (3). Past empirical researches showed different outcomes of WPS like commitment. And these outcomes are of benefit to the organization as well as employee.

Workplace spirituality (WPS) is a multi-dimensional concept. Three dimensions of WPS have been described by many researchers, 1) – Meaningful work, 2)- Community at work, 3)- Positive organizational purpose. Past research work shows that these dimensions help organizations to increase the affective commitment and develop a positive sense of spirituality among employees as they perceive their organization more valuable to them. This sense of spirituality can lead to positive outcomes like increased commitment. For Malaysian banking sector this concept of WPS is new and highly understudied therefore this study suggests dealing the problem of affective commitment in Malaysian banking sector with the help of workplace spirituality. Present research also employed three dimensions of workplace spirituality and these include meaningful work, community at work and positive organizational purpose.

Meaningful Work: Meaning in work is defined as "a sense of what is important, energizing, and joyful about work"(3). Researchers found that people feel involved when they find meaning in their work and this can be done through spiritual workplace, they become more healthy and happy, act in a more engaged and collaborative manner, apply their full potential to work and bring their entire selves to the organization (4-7). The organizations where WPS is applied employees become more active and affectively committed than those organizations where WPS is ignored. Research work shows that ignoring spirituality at work can lead to lower employee affective commitment (8).

Community at Work: As spiritual beings people live in connection to other human beings. And the aspect of community at work is an important dimension of WPS; it asks for having a deep connection or relationship with, others, which has been expressed as a sense of community (3). Past research work revealed that the aspect of community at work is linked to commitment of the employees. It was postulated that higher will be the AC of the employees if stronger will be the sense of community (9). Previous research indicated that there is a significant relationship between affective commitment of the employee and community at work aspect of WPS (10). It was also found that there exists positive relationship between community at work and affective commitment (8,11). It has also been found a significant positive relationship between community at work and AC of the employee (12).

Positive Organizational Purpose: Positive organizational purpose shows the extent to which employees perceive that their organization is having a positive purpose with regards to society and employees (2). It has been pointed out that this dimension of WPS is alignment with organization's values and purpose and when employees have strong association between their personal values and their organizational purpose then their commitment with the organization will also be strong (10). This element of WPS incorporates the connection of employees with the larger organizational purpose (13). Research findings in the context of WPS have found that positive organizational purpose has positive and significant relationship with (12).

Affective Commitment: The findings of (10) revealed that employees show high affective commitment towards their organizations if they find their work interesting and meaningful. Allen (14), defined AOC as a psychological state of an employee in which employee feels so much attached to his or her organization that they will not leave their organization. According to Mitroff (13) people in today's organization only bring their physical self to work that is their arms and brains but not their souls, which means that spirituality at work is ignored. Due to this reason organizations cannot utilize the full potential and creativity of their employees and also the employees could not develop themselves as complete rounded human beings, whereas AOC provide employees with a sense of identification with their organization. Research work of (8) shows that, when employee identify himself/herself with the organization, becomes involved and feel valued in the organization then affective commitment results. When they feel that organization treats them fairly, respectfully and in supportive manner then they become affectively committed, and when spirituality at work is ignored then affective commitment lowers and continuance and normative commitment become high.

Psychological Contract: Grimmer (15), describes psychological contract as, personal individual beliefs regarding the specific provisions of the employment exchange relationship between the individual and his organization. Rousseau (1993), find that psychological contracts have two components, transactional and relational. These two are completely opposite to each other on psychological contract continuum (Rousseau, 1995). As per (16) on this continuum, the psychological contracts hold varying degrees of these two aspects. The relational contract is described by having beliefs related to the exchange of emotional and social factors (e.g support and loyalty) instead of monetary issues (15). While transactional contract describes obligations that are financial and extrinsic, the relational contract is opposite to it and it is emotional and intrinsic by nature (15).

When studying a spiritual work place the main emphasis is the degree to which a psychological contract holds the two elements, (i.e transactional and relational). Uen *et al.* (2009) explored that the main focus of transactional contracts is "economic terms, and such type of psychological contracts have a specific duration, are static, narrow in scope, and are easily observable". Therefore, organizations that view their employees as material like resources, usually focus on transactional aspect of psychological contract, which is also non developmental, in contrast to spiritual organization that considers their employees as competitive advantage source (Moore andMoore, 2012).

As opposed to the view of transactional organization, the focus of a spiritual organization is on long term development of their employees, which is evident in their culture and human resource policies (Moore andMoore, 2012). Consequently, the emphasis of an organization that is spiritual in nature will be having psychological contract based on emotional, spiritual and relational aspects of work, instead of economic exchange. However, even the spiritual organizations have to include some transactional aspects into their psychological contract. For example a spiritual organization can adopt outcome based compensation system. Therefore, it is needed that the organizations must broaden the focus of their psychological contract by including both transactional and relational aspects.

Social exchange theory explains that self-interest develops social interactions; employees enter into a relationship with their organization to maximize benefits (Blau 1964). When first part provides something to the other, there are expectations from the first party about reciprocation, but if the second party does not reciprocate

then balance is disturbed between the contribution of the two parties and the relationship dissolves. Employee's perception of psychological contract breach is a signal of imbalance in the relationship (Morrison and Robinson, 1997) which results in reassessment of employee's basic commitment to the organization (Lee andMitchell, 1994). Thus it can be clearly understood that fulfillment of psychological contract can generate positive consequences like affective commitment because PC is a relationship between the employee and his organization which depends on social exchange. Psychological contract's concept is based on social exchange theory and according to the past researchers like (Parzefall andCoyle-Shapiro, 2011) psychological contract can strongly predict the employee's perceptions and behaviors like affective commitment, job satisfaction, work engagement as well as health and well-being. The reason for researcher's interest in PC is its implications on the attitudes and behaviors of employees. As discussed earlier it is a social exchange relationship and as per (Aselage andEisenberger, 2003) if a high quality social exchange relationship exists then employee ignores the small discrepancies in such relationship but in weak exchange relationships employees closely monitors the deviations which can consequently lead towards breach of psychological contract which in turn can lower the AC.

Hence, based on the review of literature it can be hypothesized that;

Hypothesis H1: There is a mediating role of psychological contract between workplace spirituality and affective commitment.

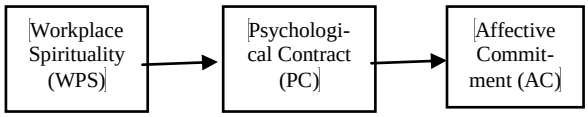


Figure 1: Conceptual Framework

3. Research Questions

The present study is aimed at looking into the role of workplace spirituality on affective commitment among the employees of banking sector of Malaysia.

3.1 Research Question 1

Does workplace spirituality influences affective organizational commitment in the employees of Malaysian banking sector?

3.2 Research Question 2

Does psychological contract has a mediating role in the relationship between workplace spirituality and affective commitment in Malaysian banking sector?

4. Research Methods

Quantitative method and survey design was used in this study to explore the direct relationship between three WPS dimensions. The meaningful work (MW) and community at work (CW) aspects were measured using the "meaningful work" and "community" scales2. The third dimension, positive organizational purpose (POP) was measured through four items adapted from the "Work unit community" and "Work unit and meaningful work" subscales (2). To measure AC which is a dependent variable, the affective commitment scale by Allen (14) was used. Responses were on a 5-point Likert scale that ranged from 'strongly disagree' (1) to 'strongly agree' (5). Psychological Contract is a mediating variable and it was measured from measures previously used by (Coyle-Shapiro andConway, 2005). It consisted of 12 items and five point Likert scale is chosen to rate each item. Data for this research study was obtained from the employees of banking sector of Malaysia from different commercial banks operating in the Johor Bahru. Multi stage sampling method was used to collect data through a personally administered questionnaire. Total sample size for this study was 338 bank employees. SEM - PLS was used for testing the research hypothesis and analyzing the data.

5. Findings

In data analysis, validity and reliability of the measurement model was calculated which was followed by the validation of structural model. In measurement model results point out that all the items which were used to represent the construct were having internal consistency reliability, as shown in table 1, all CR and CA values are greater than 0.8 or 0.9.

Table 1: Internal Consistency values

	Composite Reliability (CR)	**Cronbach's Alpha (CA)**
AC	0.872	0.830
PC	0.926	0.913
WPS	0.946	0.952

Convergent validity is acceptable when Average Variance Extracted value of the construct is at least 0.5. Table 2 given below shows that all AVE values lie within the range from 0.527 to 0.732. This result shows that the measurement model has acceptable convergent validity.

Table 2: AVE Values

	Average Variance Extracted (Waddock andGraves)
AC	0.534
PC	0.513
WPS	0.556

In SEM structural model shows the hypothesized relationship between the latent construct. The main criteria to check Goodness of the structural model is Coefficient of determination (R2) in SEM (17). Higher R^2 value is desired as the main aim of PLS-SEM is to explain the variance in dependent variable by independent variable. As depicted in the table 3, R^2 value for AC is 0.607. It shows that 60.7% variance in AC is significantly explained by the independent variable WPS dimensions.

Table3: Coefficient of Determination value**.**

	R^2	**Result**
AC	0.566	Strong/Significant
PC	0.539	Strong/Significant

The criterion used to assess model fitness in the present study was the effect size (f^2). It is measured by increase in R^2 relative to proportion of variance of the endogenous latent variable that remain unexplained (Cohen, 1988).

Model fitness is measured through effect size (f^2). According to Cohen (1988) f^2 value of 0.02 – 0.14 shows weak effect, f^2 values of 0.15 -0.34 signifies moderate effect while f^2 values greater than 0.35 indicates strong effect. Table 4.12 given below shows f^2 values for each path.

Table 4: f^2 Values for each Path

Path	**Effect Size**	**Results**
PC → AC	0.137	Moderate effect
WPS → AC	0.212	Moderate effect
WPS → PC	1.168	Strong effect

Evaluation of path coefficient value helps in assessment of the structural model. Table 4 given below shows the path coefficients, t-value and p-value as well as significance level for all paths. Acceptance or rejections of the proposed hypotheses are determined from the results of path assessment. Hypotheses are supported at a significance level of 0.05.

Table5: Path Coefficient values.

Path	Path Coefficient	S.E	t-value	p-value
WPS→AC	0.447	0.065	6.927	0.000
WPS→PC	0.734	0.031	23.791	0.000
PC→AC	0.360	0.064	5.616	0.000

Results of the structural model are used to test the research hypotheses of the present study. Hypothesis can be tested on the basis of results of path coefficients, p values and t values; significance level is 0.05 as shown in table 4 given above. The path coefficient assessment shows that all hypotheses are accepted on the basis of path analysis. The present study established significant and positive relationship between all three dimensions of workplace spirituality and affective commitment.

Figure 2 given below shows path coefficient between workplace spirituality dimensions and affective commitment

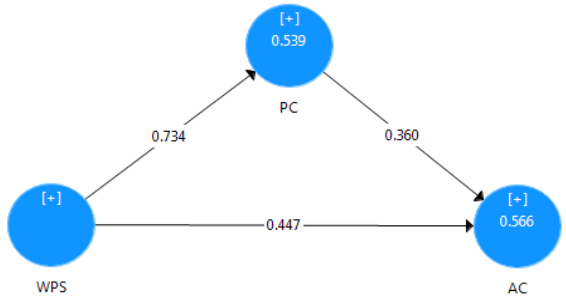


Fig 2: Path Coefficient between WPS and AC

The results of this study are consistent with the previous research work (18) ,which shows that WPS can be helpful for managers to increase the AC of their employees. These findings are also in line with the findings which found that the ultimate result of WPS is high level of AC (8). These results authenticate the previous research findings by providing empirical evidence at this stage in the sample of bank employees. This specifies that bank employees tend to show high level of AC when they found their working environment to be highly spiritual in which they can derive meaning out of their work. Past research findings also revealed the same results that employees show high AC towards their organizations if they find their work interesting and meaningful (10). Theoretical and empirical findings of current study is consistent with the findings of researchers who established that caring activities on part of an organization regarding the spiritual needs of employees like meaningful work can enhance the AC of the employees (6,19). This result validates the findings that the spiritual employees who derive meaning out of their work show lesser amount of willingness towards intention to leave due to high AC (20). Therefore these results show that the problem of employee retention in Pakistani banking sector can be dealt with by enhancing AC through practicing WPS in the organization through which employees can derive meaning out of their work.

In this study the PC was identified as mediator on the relationship between WPS and AC. Hypothesis states that PC has the mediating role in the relationship between WPS and AC. The results indicated that the path coefficient of indirect path WPS→PC→AOC was reported 0.264 with t value 5.593 and p value was 0.000. The lower confidence value of the indirect effect was 0.110 and at upper confidence level the value was 0.311. This indicates the significance of the mediation effect. Also confidence interval does not contain any 0.00 value, thus hypothesis should be accepted. However, the direct path between WPS and AC was also significant as shown in the table (4). Thus condition satisfies the existence of partial mediation of PC between WPS and AC.

6. Conclusion

Present study has demonstrated the fact that there are potential benefits of workplace spirituality on enhancing employee's affective commitment in the banking sector. Therefore top management of the banks can implement WPS to enhance the AC of the employees which can ultimately enhance employee engagement and retention. Practically the present study suggests that meaning full work, sense of employee connectedness with one another and positive organizational purpose (dimensions of WPS) can enhance employee engagement by enhancing their AC which is an important concern to be dealt with in the banking sector employees. Therefore this new management concept of WPS in the backdrop of Malaysian banking sector can be an effective management tool and a novel way to enhance affective commitment of employees.

One proposition of the present study is to extend the scope of this study by conducting it on individual and group level as well. The impact of individual spirituality can also be checked on the model proposed by this study. Furthermore it is also suggested to conduct a longitudinal study in contrast to present one and in this way the AC level can be determined before and after the implementation of WPS. Moreover it is also suggested that with the proposed model the comparative study in both muslim and non-muslim countries can also be done.

In line with the Malaysian vision of 2020, the 11th Malaysian plan has targeted some key areas to be transformed. One such area is financial services. The present study is aimed at introducing a new management concept of workplace spirituality and psychological contract to enhance the quality of human resources in the financial sector. That can ultimately result in transforming the service sector. Therefore findings of this study can be beneficial in achieving the goal of transforming services as specified in 11th Malaysian plan.

References

[1] Ahmed, A., & Ahsan, H. (2011). Contribution of services sector in the economy of Pakistan. Working Papers & Research Reports, 2011.

[2] Duchon, D., & Plowman, D. A. (2005). Nurturing the spirit at work: Impact on work unit performance. The leadership quarterly, 16(5), 807-833.

[3] Ashmos, D., & Duchon, D. (2000). Spirituality at work. Journal of Management Inquiry, 9(2), 134-145.

[4] Garcia-Zamor, J. C. (2003). Workplace spirituality and organizational performance. Public administration review, 63(3), 355-363.

[5] Gavin, J. H., & Mason, R. O. (2004). The Virtuous Organization:: The Value of Happiness in the Workplace. Organizational dynamics, 33(4), 379-392.

[6] Jurkiewicz, C. L., & Giacalone, R. A. (2004). A values framework for measuring the impact of workplace spirituality on organizational performance. Journal of business ethics, 49(2), 129-142.

[7] Tischler, L., Biberman, J., & Altman, Y. (2007). A model for researching about spirituality in organizations. Business renaissance quarterly, 2(2), 23.

[8] Rego, A., & Pina e Cunha, M. (2008). Workplace spirituality and organizational commitment: an empirical study. Journal of Organizational Change Management, 21(1), 53-75.

[9] Milliman, J., Ferguson, J., Trickett, D., & Condemi, B. (1999). Spirit and community at Southwest Airlines: An investigation of a spiritual values-based model. Journal of Organizational Change Management, 12(3), 221-233.

[10] Milliman, J., Czaplewski, A. J., & Ferguson, J. (2003). Workplace spirituality and employee work attitudes: An exploratory empirical assessment. Journal of Organizational Change Management, 16(4), 426-447.

[11] Fry, L. W., Vitucci, S., & Cedillo, M. (2005). Spiritual leadership and army transformation: Theory, measurement, and establishing a baseline. The leadership quarterly, 16(5), 835-862.

[12] Shankar Pawar, B. (2009). Individual spirituality, workplace spirituality and work attitudes: An empirical test of direct and interaction effects. Leadership & Organization Development Journal, 30(8), 759-777.
[13] Mitroff, I. I., & Denton, E. A. (1999). A spiritual audit of corporate America: A hard look at spirituality, religion, and values in the workplace: Jossey-Bass Publishers San Francisco.
[14] Allen, N. J., & Meyer, J. P. (2000). Construct validation in organizational behavior research: The case of organizational commitment Problems and solutions in human assessment (pp. 285-314): Springer.
[15] Grimmer, M., & Oddy, M. (2007). Violation of the psychological contract: The mediating effect of relational versus transactional beliefs. *Australian Journal of Management, 32*(1), 153-174.
[16] Millward L, Herriot P. The psychological contract in the United Kingdom. Psychological contracts in employment: cross-national perspectives. 2000 May 17:231-49.
[17] Hair, J. F., Sarstedt, M., Ringle, C. M., & Mena, J. A. (2012). An assessment of the use of partial least squares structural equation modeling in marketing research. Journal of the Academy of Marketing Science, 40(3), 414-433.
[18] Geigle, D. (2012). Workplace Spirituality Empirical Research: A Literature Review. Business and Management Review, 2(10), 14-27.
[19] Mitroff, I. I. (2003). Do not promote religion under the guise of spirituality. Organization, 10(2), 375-382.
[20] Hong, Y. J. (2012). Identifying spirituality in workers: A strategy for retention of community mental health professionals. Journal of Social Service Research, 38(2), 175-186.

Missing in Document

[1] IrfanShakoor, M., Nawaz, M., ZulqarnainAsab, M., & Khan, W. A. (2014). Do Mergers and Acquisitions Vacillate the Banks Performance?(Evidence from Pakistan Banking Sector). Research Journal of Finance and Accounting, 5(6), 123-137.
[2] Wasti, S. E. (2014). Pakistan Economic Survey 2013-/2014. Ministry of Finance, Finance Division, Government of Pakistan. http://finance. gov. pk/survey_1314. html (accessed July 23, 2014).